

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 95-835-C - ORDER NO. 97-518  
JUNE 16, 1997

IN RE: Request of AT&T Communications of the ) ORDER  
Southern States, Inc. to Implement 1+ )  
and 0+ Presubscription for InterLATA )  
Toll Services in South Carolina. )

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Petition of AT&T Communications of the Southern States, Inc. (AT&T or the Company) for clarification of cost recovery in the implementation of 1+ and 0+ presubscription. AT&T noted that this Commission originally required that these costs be recovered and borne by the IXC's, the long distance resellers, and the alternate access providers. See Order No. 96-324. The Order excluded the local exchange companies (LEC's), which AT&T had sought to include. Tariffs complying with the Order were subsequently filed by BellSouth Telecommunications, Inc. (BellSouth), GTE South Incorporated (GTE), and United Telephone Company of the Carolinas (United). All of these Companies filed replies to AT&T's Petition, and AT&T filed a response to the responses.

AT&T's point in its latest Petition is that certain provisions of the Federal Communications Commission's (FCC's) August 8, 1996 Second Report and Order and Memorandum Opinion and

Order in FCC Docket No. 96-98 (Second Report and Order) require the Commission to modify Order No. 96-324 to include LEC's in cost recovery of dialing parity costs.

BellSouth, GTE, and United all filed replies to the AT&T Petition. Of interest to us is the proposal by both GTE and United that we modify Order No. 96-234 to adopt a cost recovery mechanism of incremental costs to be recovered from providers of telephone exchange service and telephone toll service using total intrastate access minutes of use, plus intraLATA toll minutes of use.

As pointed out by GTE in its discussion of an appropriate cost recovery mechanism, the FCC determined that its Number Portability Order provided guidance with respect to how such costs should be recovered. The FCC determined that there were a number of cost recovery mechanisms that meet the FCC's criteria, including gross telecommunications revenues. If the use of gross telecommunications revenues is acceptable to the FCC, then it follows that utilizing total intrastate interLATA and intraLATA toll minutes of use is also a competitively neutral allocator. The FCC stated that the States may use any of the allocators described in the Number Portability Order, or any other allocator that meets the criteria that it had established. Therefore, according to GTE, the Public Service Commission of South Carolina may utilize a cost recovery mechanism based upon total intrastate interLATA and intraLATA minutes of use.

United points out specifically that the incremental costs to

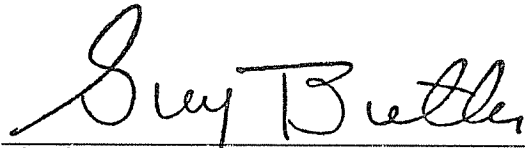
be recovered from providers of telephone exchange service and telephone toll service should be recovered based on total intrastate access minutes of use, plus intraLATA toll minutes of use. According to United, the use of access minutes will permit the inclusion of 10XXX and 1-800 type calls and thus comply with the competitively neutral requirements of the FCC Order.

BellSouth notes that its filed plan recovers incremental costs from all carriers through a rate element based upon originating/terminating intrastate switched access minutes of use, a plan to be put into use if Federal authorities grant BellSouth the authority to provide interLATA service in South Carolina.

AT&T's reply comments notwithstanding, we hold that our Order No. 96-324 shall be amended on a prospective basis, so that the cost recovery mechanism associated with implementation of toll dialing parity will be based on total intrastate access minutes of use, plus intraLATA toll minutes of use. We believe that this method complies with the competitively neutral requirements of the FCC Order and is also equitable to all parties. This methodology spreads the burden more equitably to IXC's and all customers of message toll service.

This Order shall remain in full force and effect until  
further Order of the Commission.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director

(SEAL)